

Message Text

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70

ACTION EUR-25

INFO OCT-01 ISO-00 ARA-16 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08

OMB-01 CEA-02 COME-00 MC-02 IO-14 AEC-11 DRC-01 /188 W

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 3242

INFO AMCONSUL MONTREAL

AMCONSUL TORONTO

UNCLAS OTTAWA 1148

E.O. 11652: N/A

TAGS: ESTC, CA, CU

SUBJECT: CUBA TRADE.

REF : OTTAWA 974

1. CANADIAN RADIO AND TELEVISION NEWSCASTS APRIL 18 AND PRESS REPORTS OF APRIL 19, ALL OF LATTER WASHINGTON DATELINED, GAVE PROMINENT COVERAGE TO (A) CONSENT OF U.S. GOVERNMENT TO ARGENTINE PROPOSAL FOR POLL OF LA GOVERNMENTS ON WHETHER TO INVITE CUBA TO NEXT MEETING OF HEMISPHERE FOREIGN MINISTERS IN BUENOS AIRES AND (B) LICENSING BY USG OF SALES BY ARGENTINE SUBSIDIARIES OF FORD, CHRYSLER AND GENERAL MOTORS OF VEHICLES TO CUBA WITH TOTAL VALUE OF \$150 MILLION. FRONT PAGE HEADLINE OF TORONTO STAR IS "U.S. OPENS DOOR TO CUBA AFTER TEN-YEAR ISOLATION". FRONT PAGE OTTAWA JOURNAL HEADLINE IS "CARS FOR CASTRO - CRACK IN OAS EMBARGO SIGNIFICANT FOR CANADIAN TRADE". MONTREAL GAZETTE ARTICLE HEADLINED "OPPOSITION TO CASTRO RELAXED", AND TORONTO GLOBE AND MAIL ARTICLE HEADLINED "U.S. FIRMS TO SELL CARS TO CUBA".

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2. TORONTO STAR ARTICLE STATES THAT, DESPITE DEVELOPMENTS,

TWO AMERICAN OFFICIALS OF U.S. OWNED MLW-WORTHINGTON LTD. OF MONTREAL STILL FACE POSSIBILITY OF PROSECUTION IN U.S. FOLLOWING FIRM'S AGREEMENT TO SELL \$14 MILLION WORTH OF LOCOMOTIVES TO CUBA LAST MONTH.

3. EXCERPTS FROM FRONT PAGE OTTAWA JOURNAL ARE:

BEGIN VERBATIM TEXT:

IN OTTAWA, TRADE DEPARTMENT OFFICIALS SAID THE DECISION IS OF GREAT INTEREST TO CANADA BUT NOT BECAUSE CANADIAN AUTO COMPANIES MIGHT WANT TO SELL CARS TO CUBA.

"THE DECISION DRIVES A HUGE WEDGE INTO THE OAS (ORGANIZATION OF AMERICAN STATES) EMBARGO AGAINST CUBA.

"MORE IMPORTANT, IT NOW MAKES IT POLITICALLY VERY DIFFICULT FOR THE U.S. STATE DEPARTMENT TO TURN DOWN APPLICATIONS FOR SIMILAR DEALS INVOLVING CANADIAN SUBSIDIARIES OF U. S. COMPANIES", ONE GOVERNMENT CUBA-WATCHER EXPLAINED.

FOR EXAMPLE, THE U.S. STATE DEPARTMENT WAS UNABLE TO BLOCK THE RECENT DEAL TO SELL LOCOMOTIVES, CANADIAN-BUILT LOCOMOTIVES, TO CUBA.

"OTHER OFFICIALS SAID THAT THERE HAS BEEN NO INTEREST TO DATE FROM CUBA TO BUY CANADIAN-MADE CARS.

AND EVEN IF THERE WAS, THERE WOULD BE DIFFICULTIES. CANADIAN CARS PROBABLY WOULD COST MORE TO BUILD THAN ARGENTINIAN CARS; AND MORE IMPORTANT, CANADIAN AUTOMOBILES USUALLY CONTAIN LARGE QUANTITIES OF U.S. MADE PARTS, WHILE THE U.S. CONTENT OF SIMILAR ARGENTINIAN CARS IS VERY LOW.

ONE GOVERNMENT OFFICIAL EXPLAINED THAT CANADA HAS HAD AN AGREEMENT WITH THE UNITED STATES SINCE THE SECOND WORLD WAR NOT TO SHIP CANADIAN GOODS WITH HIGH U.S. CONTENT TO FOREIGN COUNTRIES LIKE CUBA WITHOUT SPECIAL PERMISSION FROM THE UNITED STATES. THIS AGREEMENT IS SEPARATE FROM UNCLASSIFIED

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THE QUESTION OF CANADIAN SUBSIDIARIES OF AMERICAN COMPANIES TRADING WITH COUNTRIES LIKE CUBA WITHOUT U.S. STATE DEPARTMENT APPROVAL. END VERBATIM TEXT

4. TEXTS OF ARTICLES BEING AIRPOUCHED TO STATE, EUR/CAN AND EB/EWT; TREASURY, SOMMERFIELD; AND COMMERCE, MEYER. PORTER

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